

1 Michael J. Gearin, WSBA # 20982
David C. Neu, WSBA # 33143
2 Brian T. Peterson, WSBA # 42088
K&L GATES LLP
925 Fourth Avenue, Suite 2900
3 Seattle, WA 98104-1158
(206) 623-7580
4
5
6
7

Honorable Christopher M. Alston
Chapter 11
Hearing Location: Rm. 7206
Hearing Date: Friday, February 9, 2018
Hearing Time: 9:30 a.m.
Response Date: February 5, 2018

8 UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF WASHINGTON
9 AT SEATTLE

10 In re:
11 NORTHWEST TERRITORIAL MINT, LLC,
12 Debtor.

Case No. 16-11767-CMA

TRUSTEE'S SUPPLEMENTAL STATEMENT
REGARDING ORDER ON HOFF'S MOTION
FOR RELIEF FROM STAY

13
14 Mark Calvert (the "Trustee"), Chapter 11 Trustee for Northwest Territorial Mint, LLC
15 ("NWTM" or the "Debtor") submits this statement regarding the status of the parties discussions
16 over the form of order on the Motion for Relief from Stay and for Related Relief filed by the Hoff's
17 at Dkt. #1328. This statement supplements and amends the Trustee's Statement Regarding Order
18 on Hoff's Motion for Relief from Stay filed at Dkt. #1429.
19
20
21
22
23
24
25
26

1 This morning, the Trustee reached agreement with Industrial Assets Corp and Maynard's
2 Industries, subject to court approval, on a purchase agreement for the sale of the majority of the
3 Debtor's machinery and equipment, and certain autos and trucks as well as related tooling,
4 attachments parts accessories and manuals and office furniture located in Dayton, Nevada and Green
5 Bay Wisconsin¹. The purchase price under the Industrial APA is \$1,950,000. Industrial Assets has
6 agreed to provide an earnest money deposit in the amount of \$195,000 (the "Earnest Money"),
7 which Industrial Assets has agreed shall be immediately available to the Debtor as an advance upon
8 the Court's approval of the Trustee's request to incur credit in the form of the earnest money deposit.
9 The Trustee is preparing to file his Motion for Authority to Incur Credit, Approving Bid Procedures
10 for Sale of Estate Assets, and Approving Breakup Fee in relation to the Industrial APA and in
11 relation to bid procedures for a separate Medalcraft Asset Purchase Agreement for other assets of the
12 estate. In light of the agreement with Industrial, the Trustee intends to request that the Court
13 continue the Auction Motion set for hearing tomorrow to a date coinciding with the hearing on the
14 Sale Motions. In the event that the Sale Motions are not approved or the sales fail to close, the
15 Trustee reserves the right to proceed with the Auction Motion.
16
17

18 The Industrial Assets sale and its financing feature result in significant modifications to the
19 Trustee's proposed cash flow budget. The Trustee has prepared a modified cash flow budget which
20 has been presented to the Hoffs. The revised proposed budget is attached hereto as Exhibit A.
21
22
23
24

25 ¹ The assets which are the subject of the Industrial/Maynards Assets Purchase Agreement (the
26 "Industrial APA") are more specifically identified in the Industrial APA, which will be filed as an
exhibit to the Declaration of Mark Calvert in support of a bid procedures Motion to be filed later
today.

1 The Trustee will continue to engage in dialogue with the Hoffs to narrow any disagreements
2 over budget issues and to the extent issues remain unresolved as of the continued hearing date, the
3 Trustee will be prepared to present those issues to the Court for resolution.
4

5 DATED this 8th day of February, 2018.
6

7 K&L GATES LLP
8

9 By /s/ Michael J. Gearin
10 Michael J. Gearin, WSBA #20982
11 David C. Neu, WSBA #33143
12 Brian T. Peterson, WSBA #42088
13 Attorneys for Mark Calvert, Chapter 11 Trustee
14
15
16
17
18
19
20
21
22
23
24
25
26

CERTIFICATE OF SERVICE

The undersigned declares as follows:

That she is a paralegal in the law firm of K&L Gates LLP, and on February 8, 2018, she caused the foregoing document to be filed electronically through the CM/ECF system which caused Registered Participants to be served by electronic means, as fully reflected on the Notice of Electronic Filing.

I declare under penalty of perjury under the laws of the State of Washington and the United States that the foregoing is true and correct.

Executed on the 8th day of February, 2018 at Seattle, Washington.

/s/ Denise A. Lentz
Denise A. Lentz

EXHIBIT A

NWTM Case # 16-11767CMA
Weekly Cash Flow from
1/31/18 to 3/31/18

	ACTUAL PROJECTED ----->									
	Wk Ending	Wk Ending	Wk Ending	Wk Ending	Wk Ending	Wk Ending	Wk Ending	Wk Ending	Wk Ending	
	2/4/2018	2/11/2018	2/18/2018	2/25/2018	3/4/2018	3/11/2018	3/18/2018	3/25/2018	3/31/2018	%
Opening Cash Balance	\$29,652	\$64,851	\$7,871	\$1,197	\$2,196	\$2,014	\$7,484	\$2,646	\$2,404,837	\$64,851
Cash Receipts										
Unfactored Collections	\$2,786	\$9,453	\$14,998	\$28,131	\$26,560	\$47,338	\$34,038	\$69,468	\$28,357	\$258,342 7.83%
Prestige Factored A/R	\$0	\$26,166	\$111,259	\$63,295	\$0	\$0	\$0	\$0	\$0	\$200,720 6.08%
Prestige Reserve	\$0	\$0	\$50,000	\$0	\$50,000	\$0	\$0	\$0	\$0	\$100,000 3.03%
Sale of Precious Metals	\$15,719	\$0	\$7,000	\$80,000	\$0	\$0	\$0	\$0	\$0	\$87,000 2.64%
Sale of Equipment Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0 0.00%
Industrial Assets Deposit / DIP / Sale proceeds	\$0	\$0	\$0	\$0	\$195,000	\$0	\$0	\$1,755,000	\$0	\$1,950,000 59.11%
Sale of Dies to MetalCraft	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$700,000	\$0	\$700,000 21.22%
Sale of Scrap	\$31,644	\$20,925	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$20,925 0.63%
Payroll Fees	(\$655)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0 0.00%
World Pay Return/Chargeback	(\$126)	(\$513)	(\$500)	(\$1,000)	(\$1,000)	(\$3,000)	(\$3,000)	(\$3,000)	(\$6,000)	(\$18,013) -0.55%
Total Cash Receipts	\$49,368	\$56,032	\$182,757	\$170,426	\$270,560	\$44,338	\$31,038	\$2,521,468	\$22,357	\$3,298,975 100.00%
Cash Outflow										
Payroll	\$0	\$41,848	\$0	\$25,000	\$0	\$20,000	\$0	\$20,000	\$20,000	\$126,848 3.85%
Payroll Liability from last wk of 2017	\$0	\$0	\$0	\$16,562	\$0	\$0	\$0	\$0	\$0	\$16,562 0.50%
Benefits	\$0	\$11,952	\$14,451	\$0	\$0	\$0	\$11,280	\$0	\$11,280	\$48,963 1.48%
Workman's Comp	\$0	\$6,839	\$7,698	\$0	\$7,698	\$0	\$0	\$0	\$7,698	\$29,933 0.91%
NWTM General Liability Insurance & Other	\$0	\$2,994	\$2,994	\$0	\$450	\$0	\$2,879	\$0	\$3,329	\$12,645 0.38%
Contract Labor	\$0	\$800	\$5,811	\$2,000	\$2,000	\$1,000	\$9,000	\$8,000	\$4,000	\$32,611 0.99%
Customer Deposits on file to return	\$0	\$0	\$0	\$0	\$34,039	\$0	\$0	\$75,000	\$0	\$109,039 3.31%
Royalties	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0 0.00%
Corp Expenses; Travel	\$0	\$0	\$0	\$3,062	\$4,625	\$0	\$0	\$1,000	\$1,000	\$9,687 0.29%
Corp Taxes - Real & Personal Property	\$0	\$0	\$0	\$0	\$8,084	\$0	\$0	\$0	\$8,084	\$16,168 0.49%
Corp expenses - State Taxes	\$2,240	\$2,785	\$0	\$36,300	\$0	\$0	\$0	\$300	\$18,000	\$57,385 1.74%
Prestige Factored A/R	\$0	\$26,166	\$111,259	\$75,295	\$0	\$0	\$0	\$0	\$0	\$212,720 6.45%
US Trustee Fees	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$15,000	\$15,000 0.45%
Facility Rent/Lease NV	\$0	\$0	\$0	\$0	\$139,338	\$0	\$0	\$0	\$46,446	\$185,784 5.63%
Equipment Lease	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$6,548	\$6,548 0.20%
Utilities	\$11,929	\$5,814	\$14,507	\$2,510	\$0	\$0	\$10,517	\$12,527	\$8,000	\$53,875 1.63%
COGS	\$0	\$453	\$250	\$1,000	\$27,397	\$0	\$0	\$250	\$250	\$29,600 0.90%
Equip Repair/Maint	\$0	\$0	\$0	\$0	\$4,251	\$0	\$0	\$0	\$4,251	\$8,502 0.26%
Consumables	\$0	\$538	\$400	\$200	\$200	\$200	\$200	\$200	\$200	\$2,138 0.06%
IT / Web / Hosting / Server	\$0	\$9,823	\$19,200	\$0	\$28,159	\$2,700	\$0	\$0	\$16,500	\$76,382 2.32%
UPS/FedEx NV	\$0	\$0	\$7,500	\$5,500	\$10,500	\$7,967	\$0	\$0	\$0	\$31,467 0.95%
Plant Maint/EPA compliance	\$0	\$0	\$2,500	\$0	\$0	\$5,000	\$0	\$0	\$0	\$7,500 0.23%
Utilities VA	\$0	\$0	\$267	\$0	\$0	\$0	\$0	\$0	\$0	\$267 0.01%
Facility Rent/Lease WI	\$0	\$1,000	\$319	\$0	\$1,000	\$0	\$0	\$0	\$1,000	\$3,319 0.10%
UPS/FedEx WI	\$0	\$0	\$275	\$0	\$1,000	\$0	\$0	\$0	\$0	\$1,275 0.04%
Complete Close down	\$0	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$16,000 0.48%
Total Cash Outflow	\$14,169	\$113,011	\$189,431	\$169,428	\$270,742	\$38,867	\$35,876	\$119,277	\$173,586	\$1,110,217 33.65%
Increase (Decrease) in Cash	\$35,199	(\$56,980)	(\$6,674)	\$998	(\$182)	\$5,471	(\$4,838)	\$2,402,191	(\$151,229)	\$2,188,758
Ending Cash Balance	\$64,851	\$7,871	\$1,197	\$2,196	\$2,014	\$7,484	\$2,646	\$2,404,837	\$2,253,608	\$2,253,608
	\$0	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)	(\$0)	\$0	\$0	\$0
Comments										\$0
The cash collateral budget on a cumulative basis will be deemed to be in compliance if on a line by line basis there is a variance of less than 15%.										\$6,548
The cash collateral budget on a cumulative basis will be deemed to be in compliance if on a line by line basis there is a variance of less than \$5,000										\$0
The cash collateral budget will be deemed to be in compliance if on a cumulative basis the variance is less than a 10%.										\$6,548
Estimated Ending Balance										\$2,260,156